

MEMORANDUM

NATIONAL SECURITY COUNCIL

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June 3, 1977

I was with
Mr. Carter~~CONFIDENTIAL~~
~~SECRET ATTACHMENT~~

INFORMATION

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI

FROM: THOMAS P. THORNTON

SUBJECT: Your Meeting with Martinez de Hoz,
Argentine Economic Minister

The State Department Country Director for Argentina volunteered to do a background paper for your meeting with Martinez and I told him it would of course be welcome. It is attached at Tab A, together with biographic material.

This will probably be mainly a listening session for you. There are a few items that you might want to have at hand, however:

-- Tab B is a morning summary item from today reporting that the Argentines are hoping to initiate bilateral discussions with us on human rights - to begin at the OAS General Assembly meeting. The telegram on which it is based also claims that they accept our position on human rights. State tells me that they are not sure of the reliability of the Argentine official who made these statements. They will pursue it at a higher level.

-- Tab C, however, tends to reinforce the view that the Argentines believe that they have to give ground to us on human rights. It is the summary of the Blumenthal-Martinez conversation and probably forecasts what he will be telling you. The Argentines are clearly worried about how we will be voting on their loans. The Embassy in BA suggests that our chances in getting movement during the bilateral discussions will evaporate if we vote against them in the IFIs. Martinez may follow the same line. If the Argentines do come through on human rights, we would be able to book a major advance in our policy. "If", however, is the key word.

-- Tab D, to refresh your memory, is Bob Pastor's memcon on Martinez. Look out for your wallet - unless, of course, you are yourself poor.

Jessica has seen this.

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United States - Argentine Relations

The human rights situation in Argentina bedevils our relations. This memorandum reviews our interests in Argentina, discusses the question of terrorism and human rights violations, and reports on steps we have taken to promote human rights. This latter category includes the use of our voice and vote in the international financial institutions, a subject which the Argentine Minister of Economy surely will raise with you.

United States Interests

- Human Rights: Wanton violations of human rights are taking place in the name of counterterrorism. We seek an end to such abuses and restoration of legal processes.

- Non-proliferation: Argentina has the most advanced nuclear weapons prospects in Latin America and is moving rapidly to acquire an indigenous, and presumably unsafeguarded, reprocessing capacity. (The Department is currently considering possible strategies to inhibit this trend.)

- Petroleum: The U.S. Geological Service has estimated that Argentina's vast continental shelf may contain more than double existing proved reserves in the Western Hemisphere.

- Food: Argentina has immense capacity for the production of grains and meat.

- Economic: U.S. private investment stands at \$1.4 billion; our banks are owed \$3 billion; and we have a \$250 million trade surplus. (Prospects for greater trade and investment are enormous in the petroleum, minerals and agricultural fields.)

- Scientific: Argentina is important to our Antarctic research program and an eventual claim to polar resources.

- International Influence: Argentina is an almost wholly literate, generally self-sufficient industrial and cultural leader in Hispanic America.

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Political Violence and Human Rights

The Argentine military inherited an almost impossible situation when they took over the government of Isabel Peron in March 1976. Terror and inflation were rampant. Even the Peronist Parliament and unions stood aside to permit the military to do their job. Now, well over a year later, the military have largely accomplished their initial security goals but are not moving to restore legal forms and political peace. On the contrary, they are polarizing society. The government refuses to acknowledge the names of thousands of political prisoners; torture, disappearances, prolonged periods of incommunication, summary executions, intimidation of lawyers, journalists and foreign refugees are undeniable. While not directly attributable to the government, anti-Semitism is also a problem. However battered, the terrorists, who are a mixture of anarchists and Marxists, continue to murder military personnel, policemen and businessmen but at a reduced rate. Notwithstanding, President Videla's aircraft was almost blown up upon takeoff earlier this year, and Foreign Minister Guzzetti very narrowly survived an assassination attempt last month.

Promoting Human Rights

The United States raised the question of human rights with the Argentine military even before their well-advertised coup in March 1976. Since then we have pressured Argentina progressively, unfortunately with little to show in return. (Historically, Argentina has been the Latin American state least susceptible to our influence.)

- In February 1977 the Secretary announced that 1978 military sales credits were being halved as a result of the human rights picture. Argentina reacted by turning down the balance. Before then, we had advised the Argentines that \$36 million in 1977 credits could not be signed as a result of the human rights situation.

- Commercial arms purchases with direct applicability to internal security are now denied routinely. Other munitions licenses are also being held up although we have not yet decided how extensively to restrict commercial arms purchases.

- A \$700,000 grant military training program has survived Congressional efforts to eliminate it although this program's demise seems likely in 1979.

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- In the international financial institutions, since September, Argentina has tried to keep loans out of the Inter-American Development Bank which might trigger a negative vote under the Harkin Amendment. In March we raised our human rights concerns orally in the World Bank before voting for a \$105 million highway project.

Most recently we have been faced with the problem of how to vote on \$265 million in five loans soon to come up for Argentina in the Inter-American Development Bank and the World Bank. This issue was raised by Secretary Blumenthal with Minister Martinez de Hoz on May 31. The Secretary said the Administration is as a matter of its own policy and conviction committed to the advancement of human rights. He suggested that it might be advisable for Argentina to postpone applications for loans until it could show a definite improvement in human rights. Martinez stated that this might be possible in the case of two Inter-American Bank loans, but he was anxious to move ahead on a \$100 million World Bank project. The Secretary noted that the World Bank loan was particularly difficult for us (because it may be hard to argue that it benefits the needy).

Suggested Talking Points

Martinez de Hoz may well make a plea for greater understanding of Argentina's difficult problems and raise the question of our votes in the international financial institutions. You might wish to:

-- Compliment the Minister for his achievements to date in restoring Argentine economic stability (notably through the raising of foreign capital and promotion of Argentine agriculture).

-- Inquire about the health of the former Foreign Minister who is now recovering from an assassination attempt.

-- Ask why it has not been possible for the government to begin to restore legal processes after it has acknowledged publicly that it has all but finished the guerrillas.

-- Note the Administration's overall commitment to human rights and the great difficulty we are encountering with respect to Argentine projects in the international financial institutions.

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-- Refer to Secretary Blumenthal's suggestion that it would be helpful if Argentina deferred loan projects in the financial institutions that do not clearly benefit the neediest sectors of society.

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BOX: 1

Folder: ARGENTINA, 2-12/77